

COMMONWEALTH OF PUERTO RICO  
STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

MANAGED HEALTH CARE

STATE PLAN DEFINED HMO

The Puerto Rico Health Insurance Administration (PRHIA) was created by Commonwealth Law Number 72 effective September 7, 1993. PRHIA is a public corporation with full autonomy. It is responsible for implementing, administering and negotiating a health insurance system, through contracts with insurance underwriters that will eventually give all Island residents access to quality medical and hospital care, regardless of their financial condition and capacity to pay.

PRHIA has an agreement with the single State Medicaid Agency to carry out the provisions of Law Number 72. The Single State Medicaid Agency is the Department of Health. Within the Department, the Office of Economic Aid to the Medically Indigent has responsibility for the Medicaid Program.

PRHIA enters into risk contracts with entities/insurers organized under Commonwealth Law 152 (approved on May 9, 1942) to provide or arrange for comprehensive health care services. These consist of Basic Coverage and Special Coverage as detailed in the contract.

PRHIA contracts health insurance for one or more areas or regions, with one or more entities/insurers licensed to do health insurance business in Puerto Rico. Services are rendered following the regionalization system of the Department of Health, progressively establishing a network of participating purveyors throughout the Island. Within each region Primary Care Centers will be established. These must be staffed with consideration to the morbidity and mortality rates of the specific health area and must be sufficiently staffed to provide all the benefits included in the Plan. The entity/insurer must demonstrate to PRHIA the adequacy of its provider network in relation to the region or health area it will serve. Services will be as accessible to Medicaid enrollees as they are to non-enrolled Medicaid beneficiaries.

The entity/insurer must demonstrate financial soundness according to Commonwealth statute, etc., and must submit financial and other reports to the Administration as specified in the contract. If the entity or insurer is declared insolvent, files for bankruptcy, or is placed under liquidation, the Administration has the option to cancel and immediately terminate the contract. In the event that the entity or insurer is declared insolvent, files for bankruptcy, or is placed under liquidation, Medicaid enrollees will not be liable for its debts. The entity/insurer must guarantee to the Administration that the premium constitutes payment in full for the benefits under the program and that participating providers and/or their subcontractors cannot collect any additional amount from the beneficiaries.

TN 94-1  
Supersedes  
TN No. **New**

Approval Date APR 19 1994  
Effective Date JAN 1 - 1994